Eveready Industries India Ltd.

1, Middleton Street
Kolkata 700 071

Information Update

This update covers the following –

1. Unaudited Financial Results for the quarter and year ended March 31, 2010
2. Future outlook as per the understanding of Company Management
3. Profile containing historical and basic information on the Company

	Rs.Cr.	Rs.Cr.	Change (%)	Rs.Cr.	Rs.Cr.	Rs.Cr.	Rs.Cr.	Rs.Cr.
	FY 09-10	**FY 08-09**	**Gain/(Loss)**	**Q4 09-10**	**Q4 08-09**	**Q3 08-09**	**Q2 08-09**	**Q1 08-09**
Net Sales	**968.73**	*857.33*	13	**227.41**	*204.20*	245.96	263.00	232.37
PBDIT *	**118.09**	*83.61*	41	**23.64**	*18.59*	29.80	34.31	30.34
PBT *	**59.58**	*17.98*	231	**8.41**	*3.07*	14.91	21.12	15.14
PAT	**142.21**	*19.40*	633	**97.60**	*5.59*	11.03	17.54	16.05

* Only operational – excludes exceptional items and profit on sale of real estate

Highlights of the quarter and year ended March 31, 2010

* As evident, performance of the current year was a significant improvement over the previous year - net sales were higher by 13 % and PBDIT by 41 %. This performance has been steady through all the quarters of the year.
* PBDIT for the year was stable at 12.2 % of net sales. For the current quarter it was lower at 10.4 % – however that is in keeping with the seasonal lower trend for this particular quarter - and is at an improvement over the corresponding quarter of the previous year.
* Price of zinc, a key input material, was higher in the current year as compared to the previous year. Similarly, it was higher in the current quarter as compared to the 3 previous quarters. This adverse was to some extent compensated by the appreciating Rupee over this year.
* Battery and flashlights turnover registered growth of 4 % and 10 % during the current quarter as compared to Q4 of the previous year. Other product segments – especially lighting products - showed improvement.
* Rs. 106 crores was booked as profit on sale of real estate during the quarter.

Attention is drawn to Important Notes on Page 9 of this Update.

Review of operations

Dry Cell Batteries

Batteries went through significant price increases to offset material cost push in the recent past. Cumulative price increases for the various battery types ranged between 20 per cent and 50 per cent. This met with stiff consumer resistance and demand started slowing down. Unfortunately, the price increases had to be persisted with due to input costs continuing to prevail at high levels.

The consumer resistance mainly manifested itself in torch-using consumers (a key segment) looking for more energy efficient torches. Traditionally, they were using torches with incandescent bulbs using 'D' size batteries. The changed dynamics made them shift to torches with LED bulbs using 'AA' batteries (more fully covered in the next section). Thus, de-growth was most pronounced in 'D' size batteries.

This trend of de-growth continued till the Q1 of the current year. In a very encouraging development this product segment turned to positive growth from Q2. Turnover grew in the last 3 quarters by 7 % as compared to the corresponding period of the previous FY.

So far the market share position remains unaltered despite the various market changes taking place : 'Eveready' – 46.6 % : 'Powercell' – 5.2 % : Total – 51.8 % (Source : AC Nielsen).

Net sales for the quarter was at Rs.130.06 crores against Rs.124.98 in Q4 of the previous year.

Flashlights

The phenomenon of consumer resistance to pricing actions was also very significant in the flashlights business. Similar to the trend in batteries, flashlights business also experienced de-growth of volumes. The impact was most significant in the 'brass' segment of flashlights – predominantly used in the rural areas.

As a mitigation measure and with a view to giving consumers a value-for-money option, the Company introduced a new class of flashlights. This new segment has popularly come to be known as the 'LED' segment due to usage of LED bulbs being used as the light source. The Company was at the forefront of introduction of this new segment and encouraged consumers to take to it due to the value proposition of lower battery consumption.

Initially introduced as a value offer, this segment has now started offering life-style products. These come in multifarious styling & colour, and offer choices to consumers across the aesthetic range and several price points. These have become the standard for flashlights in the country.

From the Company's perspective, this measure is positive. The earlier flashlights using incandescent bulbs (mainly brass flashlights) were profitable and were good for consumption of 'D' size batteries but remained for long period of in-use with consumers. The new LED torches are equally profitable and displays much lower in-use period and is good for battery consumption (mainly AA). Current trends indicate that these flashlights are increasing overall torch user-ship significantly. Being energy efficient these have longer replacement cycle – however once the cycle sets in, it will be positive to overall battery consumption, as perhaps being vindicated by the battery growth currently visible.

Presently the Company is engaged in enriching its portfolio of LED flashlights by introducing products which are more technologically advanced or which cater to specific focused use. These efforts are seeing reintroduction of metal flashlights and/or those using 'D' size batteries.

In a diversification of this product range, the Company launched a new range of lighting solutions for homes - addressing lack of electricity or the prevalent power-cut situation. This range of products with a message to 'light up your homes' is creating new usage and conversion from kerosene lamps.

The product-range was received with enthusiasm by consumers. The products were soft-launched gradually from April 2009 and an advertisement campaign has been launched to communicate this new offering. This segment is expected to have significant positive impact on the revenue stream and profitability of the Company in the foreseeable future.

Spurred by the various factors enumerated above, flashlights sales have been growing significantly in the last 2 years. Such growth continued to prevail in the current quarter – turnover being 28 % over the corresponding quarter of the previous year.

Turnover of flashlights and home lighting products were at Rs.46.56 crores against Rs.36.41 crores in Q4 of the previous year.

Lighting Products

The Company started distributing compact fluorescent lamps (CFL) through the Company's distribution from June 2007. The Company's distribution which is at a tangible differentiation from usual electrical trade, and brand 'Eveready' create a long term value-enhancing proposition in this business.

The Company also launched in April 2009 the full range of General Lighting Service (GLS) lamps – the normal mass market incandescent lamp. This market is stagnant on account of shift taking to CFL lamps - but still has considerable size, and the Company needed to enter this as it plans to be a full range player in the lighting products business. The Company's brand and distribution edge should be able to get it an attractive share of this market.

Turnover for the quarter was at Rs.25.72 crores against Rs.8.98 crores in the Q4 of the previous year – i.e. a growth of 187 %. Net sales for the current year stood at Rs.91.54 crores with a growth of 151 % over the previous year at Rs.36.41corres.

Packet Tea

The packet tea business continued with its steady performance through leveraging of the distribution network of the Company. Current share of the market stands at 2 – 6 per cent in the various markets of the country. Focus is currently being given to make the business profitable. As a compromise, some marginal turnover is being sacrificed. Sales turnover for the current quarter was at Rs.18.51 crores – at a marginal decline from the turnover of Rs.20.12 crores in Q4 of the previous FY. Net sales for the current year stood at Rs.75.94 crores against that of the previous year at Rs.81.67 crores.

Insect Repellents

The launch of Mosquito Coils and Liquid Vaporizers over the target markets across the country was completed in the last financial year. The trade and consumer response to these products was encouraging. The business is still in a nascent stage. Current market share varies between 1 per cent and 3 per cent in the target markets. Turnover for the current quarter was at Rs.2.95 crores and for the whole year at Rs.11 crores.

Margin analysis & comments on profitability

The cost structure of the Company is sensitive to 2 specific items of the broader economy –

1. Price of zinc, as this constitutes about 17 % of raw material costs, and
2. US dollar exchange rate against Indian Rupee, as 40 % of the cost of materials and goods is dollar denominated.

As a coincidence or otherwise, these 2 factors had had been moving in opposite directions over the last few quarters in terms of impact on our costs – as would be evident from the 2 tables below. The same phenomenon continued in the current quarter. Thus, the hardening zinc price was to some extent neutralized by the appreciating Rupee.

Quarter	Average cost of zinc consumed at (LME equivalent $ per tonne)
Q3 08-09	1561
Q4 08-09	1125
Q1 09-10	1390
Q2 09-10	1505
Q3 09-10	1718
Q4 09-10	2011

Quarter	Average FX (INR=$)
Q3 08-09	48.78
Q4 08-09	49.76
Q1 09-10	49.03
Q2 09-10	48.38
Q3 09-10	46.85
Q4 09-10	46.08

In the overall, however, margins were favorable by 245 basis points of net sales in the current year as compared to the previous year. This is attributed to several factors – like saving in excise duty, better quality of price realization in the current product mix, etc. This improvement comes despite the Company taking conscious decision of increasing ad-spends quite significantly as an investment to improve business levels.

As % to Net Sales	**09-10 FY**	***08-09 FY***	**09-10 Q4**	***08-09 Q4***	**09-10 Q3**	**09-10 Q2**	**09-10 Q1**
Materials cost incl. outsourced goods	**60.84**	*63.74*	**62.97**	*62.38*	60.74	60.58	59.18
Staff cost	**7.83**	*9.19*	**8.08**	*9.83*	7.71	7.18	8.46
Advt., promotions & market research	**6.76**	*4.39*	**6.35**	*4.23*	7.04	6.89	6.70
Distributions costs	**5.07**	*5.02*	**5.14**	*5.01*	5.07	5.30	4.73
Other expenses	**7.33**	*7.94*	**7.08**	*9.51*	7.34	7.02	7.90
Total Operating Costs	**87.83**	*90.28*	**89.62**	*90.96*	87.90	86.97	86.97
PBDIT *	**12.17**	***9.72***	**10.38**	***9.04***	**12.10**	**13.03**	**13.03**

* Reflects only operational PBDIT, i.e., excluding exceptional items and profits on sale of real estate.

Current developments

- The Company took price increases from March 2010 in batteries, flashlights and lighting products to pass on adverse impacts of excise duty (consequent to Union Budget 2010) or costs. The price increases ranged between 4 and 7 %.

- The Company entered into an MOU on August 29, 2007 with Housing Development & Infrastructure Limited (HDIL) for the transfer of its leasehold premises at Navi Mumbai for a consideration of Rs.115 crores. The full purchase consideration was received by July 2008. With the assignment/execution now being executed, the income effect for the transfer was recorded in the current quarter.

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- The Company signed a Term Sheet on May 14, 2009 with C G Holding, France, for investment by the Company, both by way of equity and debt upto a maximum amount of 10 million Euro in an overseas Company, Novener SAS in order to acquire a controlling stake in Uniross SA, a French Company.
    - Uniross is engaged in the manufacturing and marketing of rechargeable batteries and allied products. Uniross has presence in various parts of the world and is particularly strong in Europe.
    - Uniross faced major financial difficulties prior to this acquisition on account of a high-cost acquisition not going as per plan and also on account of a commodity-led cost push.
    - It has however a compelling case in terms of potential and the Company believes that it can be nursed back to sustainable profitability in the foreseeable future.
    - A sum of Rs.41.10 crores (equivalent to 6 million Euro) was remitted by the Company on June 27, 2009 towards the equity stake and a sum of Rs. 6.27 crores (equivalent to 1 million Euro) was remitted on March 17, 2010 by way of debt.
    - The Company effectively became the Holding Company of Uniross and its subsidiaries from July 1, 2009.

  The results reviewed here are stand alone results of Eveready Industries India Ltd. and do not contain any impact of consolidation with the results of the above subsidiaries.

- An overseas company, Everspark Hong Kong Private Ltd with a minimum paid up share capital of 100 shares of HK$ 1 each totaling to HK$ 100 has been incorporated by the Company in Hong Kong on December 17, 2009, to be a wholly owned subsidiary of the Company, with a view to obtain commercial benefits on the Company's sourcing of input materials and goods from China. However, this is at a feasibility exploration level and the subsidiary has not started trading yet.

- Operations at the manufacturing facility at Cossipore, Kolkata was suspended from September 4, 2008, due to unjustified & illogical demands by a section of workers and in the face of very aggressive stand taken by them. This however had no impact on the operations of the Company, as supplies to the market were met by other units.

- Operation was also suspended at its factory in Hyderabad, the plant being surplus to the Company's needs. A VRS scheme agreed with the Workmen's Union had been opened in April 2009 and all but 24 workmen had opted for VRS. Actions have now been put in place by which the Hyderabad unit is closed from April 24, 2010 in keeping with legal formalities in this regard.

Distribution of Shareholding

Distribution of shareholding stood as follows as on March 31, 2010 –

Category	% of shareholding
Promoter Group	40.55
Mutual Funds	6.90
Banks,FIs and Insurance Companies	5.81
Foreign Institutional Investors	11.50
Public & Others	35.24

Outlook

It is believed that an inflection point has been crossed in the battery segment. Negative growth of the recent past became slower - finally halted - and now the market has moved on to positive growth. This development is in line with the Company's belief that even during the phase of de-growth, there were no changes in the fundamental conditions of the business. Need for portable energy is intrinsic to mankind and there is no substitute to batteries for it on any practical commercial scale. The demand drivers continue to be the same and India still has good potential in batteries as it consumes almost the lowest numbers of these products in the world.

The recent trend was related to the severe price hikes and the inability of the consumers to absorb the same immediately. This led to a kind of technology disruption in the sense that in a major battery using segment – viz., flashlights - consumers chose a more energy efficient option. The Company being the only significant player in this product category championed this consumer need.

Current trends indicate that the market is gradually coming back to consumption levels as determined by fundamental demand of device population. As India gets economically more developed, device penetration into households will increase in line with the rest of the world, boosting battery growth.

Flashlights have recorded very significant growth over the last 2 years. The rate of growth has now matured to more sedate levels - though continuing to be robust. This business will continue to bring significant revenue and profitability going forward.

The newly introduced product range for battery powered lighting at homes is a new concept. Once understood well by consumers, this segment will provide significant turnover and profitability.

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Exciting prospects also are seen in the Lighting Products business – both from CFL and GLS products. This business is now a key focus area for the Company.

Smaller businesses like packet tea and repellents will add turnover. Focus is currently on to improve profitability in these businesses, which will see result in the next financial year.

As explained earlier, the Company's cost structure is sensitive to zinc and exchange rate of the Indian Rupee. At the present moment, it appears that zinc will remain strong. Predictions on Rupee seem to indicate that it will appreciate against the dollar. So it appears that the impact of these 2 factors may off-set each other on the cost of the Company. Even if there will be a negative impact, the same will be recovered from the market.

Brief profile of the Company

Eveready Industries India Ltd. (Eveready) is one of India's leading FMCG Companies. Eveready possesses expertise in manufacturing, marketing and distributing a diverse range of products to the entire length & breadth of the country. Its portfolio comprises of dry cell batteries, rechargeable batteries, flashlights, packet tea, mosquito repellents and lighting products. Its market share in batteries is 51.8 per cent (Source : AC Nielsen) and in flashlights about 76 per cent (Source : Industry data). It is relatively a recent entrant in the packet tea segment. Its market share ranges between 2 – 6 per cent in the various regions where the products have been launched. Its share in the mosquito repellent market varies between 1 - 3 per cent in the various target markets. Eveready has recently commenced marketing of lighting products like CFL & GLS lamps.

Eveready is the world's 3rd largest zinc carbon player, putting to the market about 1.3 billion units a year, catering to the entire range of equipments that need portable energy. Its rechargeable products cater to the cylindrical replacement market and cordless phones. It has a complete range of flashlights – LED, plastics, aluminium & brass. Battery and flashlight products are branded as 'Eveready', 'Powercell', 'Shakti' and 'Mahashakti'. Packet tea products are branded 'Tez', 'Premium Gold', 'Jaago' and 'Classic'. Mosquito Coils are branded 'Eveready PowerOn'. Lighting products are also branded 'Eveready'.

Key strengths of Eveready lie in its 4 core assets – powerful brands led by the iconic 'Eveready', a distribution system that is deeply entrenched, its skill of efficient mass-manufacture and its human capital.

Brand 'Eveready' has already celebrated its 100 years of existence in India. Across generations 'Eveready' has emerged as more than a battery or a flashlight; it has emerged as an idea – that of trusted reliability of the enduring and the dynamism of the contemporary.

Eveready's manufacturing facilities are located at Chennai, Lucknow, Noida, Haridwar, Maddur and Kolkata.

Eveready's sales network is wide and comprises of 15 sales branches and 55 C&F points. It also comprises of a family of nearly 4000 distributors and a team of 1000 exclusive vans servicing retailers covering the length & breadth of the country. Eveready's products are available in about 3.2 million outlets, which gives it a retail penetration exceeding 65% in its class of outlets. Out of this, more than 1 million outlets are directly serviced by the Company's network.

Eveready's unique strength in distribution lies in its ability to access and service rural parts of the country. Eveready is a clear leader in its 2 mainstay businesses – batteries & flashlights.

It has taken an objective to scale up operations by adding new products to its range with a pan-Indian presence – cutting across the rural & urban divide. Towards this, products like packet tea, mosquito repellents and lighting products have been introduced.

Important Notes :

1. Eveready's Investor Relations activities are co-ordinated by Ms.Tehnaz Punwani, Sr.General Manager & Company Secretary (tehnazpunwani@eveready.co.in).
2. Eveready may be contacted for any further information or clarification on Telephone No. +91-33-2288 4436 ; Fax No. +91 33 2288 4059.
3. This Update is being issued after the Board of the Company at its meeting held on April 30, 2010 has taken on record the financial results for the quarter ended March 31, 2010.
4. Some forward looking statements on projections, estimates or expectations are included in this update for better comprehension of the Company's prospects. Actual results may, however, differ materially on account of several economic or market related factors.
5. This Update is also available on the Company's website: www.evereadyindustries.com . In view of this, information in this Update is also available to the public and does not therefore constitute unpublished price sensitive information under the SEBI (Prohibition of Insider Trading Regulations, 1992.